

## Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name <b>Charter Township of Oxford</b>	County <b>Oakland</b>
Audit Date <b>12/31/04</b>	Opinion Date <b>6/14/05</b>	Date Accountant Report Submitted to State: <b>6/23/05</b>	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☒ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:		Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.		✓		
Reports on individual federal financial assistance programs (program audits).				✓
Single Audit Reports (ASLGU).				✓

Certified Public Accountant (Firm Name) <b>Post, Smythe, Lutz, and Ziel, CPA's, LLP</b>			
Street Address <b>1034 West Ann Arbor Trail</b>		City <b>Plymouth</b>	State <b>MI</b>
			ZIP <b>48170</b>
Accountant Signature <i>David R. Wellman, CPA</i>			Date <b>6/23/05</b>

CHARTER TOWNSHIP OF OXFORD  
Oakland County, Michigan

AUDITED FINANCIAL REPORT

For the Fiscal Year Ended December 31, 2004

CHARTER TOWNSHIP OF OXFORD  
For the Year Ended December 31, 2004

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CHARTER TOWNSHIP OF OXFORD  
For the Year Ended December 31, 2004

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## FINANCIAL SECTION

# POST, SMYTHE, LUTZ AND ZIEL LLP

*Certified Public Accountants*

## PLYMOUTH

Dennis M. Siegner, C.P.A., C.V.A.  
David R. Williamson, C.P.A.  
Jane F. Wang, C.P.A.  
Joseph N. Elder, C.P.A.  
Rana M. Emmons, C.P.A.

**1034 W. ANN ARBOR TRAIL  
PLYMOUTH, MICHIGAN 48170-1502**

**TELEPHONE: (734) 453-8770  
FAX: (734) 453-0312**

## WAYNE

Frank W. Smythe, C.P.A.  
Ronald H. Traskos, C.P.A.  
Kathy Billings, C.P.A., C.V.A.

---

Marty C. Morrison, C.P.A.  
Jennifer A. Galofaro, C.P.A., C.V.A.  
Susan H. Bertram, C.P.A.  
Brian V. Kluger, C.P.A.

---

Sharon Walz Duckworth, C.P.A.  
Cari A. Ford, C.P.A.  
Wendy Leung Lee, C.P.A., C.V.A.  
Therese Mulholland, C.P.A.

### Independent Auditor's Report

June 14, 2005

To the Board of Trustees  
Charter Township of Oxford  
Oxford, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Charter Township of Oxford, Michigan, as of and for the year ended December 31, 2004, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Charter Township of Oxford's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

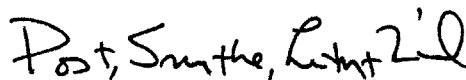
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Charter Township of Oxford as of December 31, 2004, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Board of Trustees  
Charter Township of Oxford, Michigan  
June 14, 2005

The management's discussion and analysis is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Charter Township of Oxford's basic financial statements. The accompanying other supplementary information, as identified in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The other supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Respectfully,

A handwritten signature in black ink, appearing to read "Post, Smythe, Lutz & Ziel".

POST, SMYTHE, LUTZ and ZIEL LLP  
Certified Public Accountants

## Management's Discussion and Analysis

As management of Charter Township of Oxford, we offer readers of Charter Township of Oxford's financial statements this narrative overview and analysis of the financial activities of Charter Township of Oxford for the fiscal year ended December 31, 2004.

### Financial Highlights

- The assets of Charter Township of Oxford exceeded its liabilities at the close of the most recent fiscal year by \$19,746,543 (*net assets*). Of this amount, \$8,726,787 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- As of the close of the current fiscal year, Charter Township of Oxford's governmental funds reported combined ending fund balances of \$4,652,046, an increase of \$6,393 in comparison with the prior year. Approximately 70 percent of this amount, \$3,236,608 is *available for spending* at the government's discretion (*unreserved fund balance*).
- Charter Township of Oxford's total long-term debt decreased by \$574,748, (6 percent) during the current fiscal year, primarily due to debt repayments.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Charter Township of Oxford's basic financial statements. Charter Township of Oxford's basic financial statements are comprised of three components: 1) government-wide financial statements, 3) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of Charter Township of Oxford's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of Charter Township of Oxford's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of Charter Township of Oxford is improving or deteriorating.



The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of Charter Township of Oxford that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of Charter Township of Oxford include general government, public safety, planning and zoning, public works, and recreation and culture. The business-type activities of Charter Township of Oxford include the water and sewer system. The government-wide financial statements can be found on pages 10-12 of this report.

**Fund financial statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Charter Township of Oxford, like other state and local governments, used fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Charter Township of Oxford can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Charter Township of Oxford maintains 17 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Police Contracting Fund, Parks and Recreation Fund, Library Fund, and the Building and Site Fund, all of which are considered to be major funds. Data from the other governmental funds are combined into aggregated presentations by fund type. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

A budgetary comparison statement has been provided for the General, Police Contracting, Parks and Recreation, and Library Funds to demonstrate compliance with the annual appropriated budget.

***Proprietary funds.*** Charter Township of Oxford maintains two proprietary funds which are classified as an enterprise fund type. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. Charter Township of Oxford used enterprise funds to account for its water and sewer system.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and sewer system, both of which are considered to be major funds of Charter Township of Oxford.

***Fiduciary funds.*** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support Charter Township of Oxford's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**Other information.** The combining statements referred to earlier in connection with the nonmajor governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 46-55 of this report.

## Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Charter Township of Oxford, assets exceeded liabilities by \$19,746,543 at the close of the most recent fiscal year.

A significant portion of Charter Township of Oxford's net assets (49 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. Charter Township of Oxford used these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although Charter Township of Oxford's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

### Charter Township of Oxford's Net Assets

	Governmental Activities		Business-type Activities		Total	
	2004	2003	2004	2003	2004	2003
Current and Other Assets	\$ 5,465,405	\$ 5,975,000	\$ 6,831,680	\$ 6,483,456	\$ 12,297,085	\$ 12,458,456
Capital Assets	11,639,006	11,843,935	7,850,883	7,869,226	19,489,889	19,713,161
Total Assets	17,104,411	17,818,935	14,682,563	14,352,682	31,786,974	32,171,617
Long-term Liabilities						
Outstanding	9,885,571	10,460,319	-	-	9,885,571	10,460,319
Other Liabilities	813,359	1,329,347	1,341,501	1,400,891	2,154,860	2,730,238
Total Liabilities	10,698,930	11,789,666	1,341,501	1,400,891	12,040,431	13,190,557
Net Assets:						
Invested in Capital Assets, net of related debt	1,753,435	1,383,616	7,850,883	7,869,226	9,604,318	9,252,842
Restricted	1,415,438	1,400,087	-	-	1,415,438	1,400,087
Unrestricted	3,236,608	3,245,566	5,490,179	5,082,565	8,726,787	8,328,131
Total Net Assets	\$ 6,405,481	\$ 6,029,269	\$ 13,341,062	\$ 12,951,791	\$ 19,746,543	\$ 18,981,060

An additional portion of Charter Township of Oxford's net assets (7 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (\$8,726,787) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, Charter Township of Oxford is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The governmental net assets increased by \$376,212 during the current fiscal year,

as presented in the table below, which will be comparative in 2005.

	Governmental Activities 2004	Business-type Activities 2004	Total 2004
Program Revenues:			
Charges for Services	\$ 1,332,697	\$ 899,911	\$ 2,232,608
Operating Grants & Contributions	71,633	-	71,633
Capital Grants & Contributions	51,039	713,749	764,788
General Revenues:			
Property Taxes	5,542,163	-	5,542,163
State Shared Revenues	945,332	-	945,332
Unrestricted Investment Earnings	90,430	75,837	166,267
Other	81,533	-	81,533
Total Revenues	8,114,827	1,689,497	9,804,324
Program Expenses			
General Government	1,491,019	-	1,491,019
Public Safety	3,294,561	-	3,294,561
Planning and Zoning	187,025	-	187,025
Public Works	80,657	-	80,657
Recreation and Cultural	2,142,621	-	2,142,621
Other	55,942	-	55,942
Interest on Long-Term Debt	486,790	-	486,790
Water and Sewer	-	1,300,226	1,300,226
Total Expenses	7,738,615	1,300,226	9,038,841
Change in Net Assets	\$ 376,212	\$ 389,271	\$ 765,483

**Business-type activities.** Business-type activities increased Charter Township of Oxford's net assets by \$389,271, which is a result of \$713,749 of capital contributions in the current year.

### Financial Analysis of the Government's Funds

As noted earlier, Charter Township of Oxford used fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of Charter Township of Oxford's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing Charter Township of Oxford's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, Charter Township of Oxford's governmental funds reported combined ending fund balances of \$4,652,046, an increase of \$6,393 in comparison with the prior year. The *unreserved fund balance*, which is the amount available for spending at the government's discretion, represents 70% of the total fund

balance. The remainder of fund balance is *reserved* to indicate that it is not available for new spending because it has already been committed to uphold contracts or bond agreements (\$1,415,438).

The general fund is the chief operating fund of Charter Township of Oxford. At the end of the current fiscal year, unreserved fund and total fund balance was \$995,625. As a measure of the general funds' liquidity, it may be useful to compare fund balances to total fund expenditures. Fund balance represents 58 percent of total general fund expenditures.

The fund balance of Charter Township of Oxford's general fund decreased by \$99,087 during the current fiscal year. Several "one time", non reoccurring expenditures were made:

- \$130,000 transfer to Police Fund, necessary to pay for one time charges, that the Township agreed shouldn't be paid from the tax supported Police contracting Fund.
- \$45,000 for 5 year financial model.
- \$35,000 for Township Master plan.

These "one time charges" were offset by favorable variance in revenues (\$93,670).

***Proprietary funds.*** Charter Township of Oxford's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the Water and Sewer Fund at the end of the year amounted to \$5,490,179. Other factors concerning the finances of this fund have already been addressed in the discussion of Charter Township of Oxford's business-type activities.

### **General Fund Budgetary Highlights**

The differences between the beginning and final budgets represent less than a 2% over all change in the original spending plan; budgets were amended to reflect small departmental variances.

### **Capital Asset and Debt Administration**

**Capital assets.** Charter Township of Oxford's investment in capital assets for its governmental and business type activities as of December 31, 2004, amounts to \$19,489,889 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system improvements, machinery and equipment, park facilities, and the water and sewer systems. The total decrease in Charter Township of Oxford's investment in capital assets for the current fiscal year was less than 1 percent.

**Long-term debt.** At the end of the current fiscal year, Charter Township of Oxford had total bonded debt outstanding of \$9,840,000 and \$21,215 of installment loans payable. All of Charter Township of Oxford's debt represents general obligation debt backed by the full faith and credit of Charter Township of Oxford, subject to constitutional limit.

Additional information on Charter Township of Oxford's long-term debt can be found in note IV. D. on page 35 of this report.

## **Economic Factors and Next Year's Budgets and Rates**

The unemployment rate is still high in the State of Michigan and the State's shortfall in the budget means further reductions in state shared revenues. State shared revenues are expected to decrease again in the 2005 fiscal year. Charter Township of Oxford budgeted for a decrease in state shared revenue(\$60,000) in the 2005 annual budget. Property tax revenue will show modest gains, from new development, somewhat offset by required roll backs. Tax levies were approved by the voters in May of 2005, which will have a positive impact on the 2006 budgets.

These factors were considered in preparing Charter Township of Oxford's budget for the 2005 fiscal year.

## **Requests for Information**

This financial report is designed to provide a general overview of Charter Township of Oxford's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Township Supervisor, 18 W. Burdick Street, Oxford, MI 48371.

## BASIC FINANCIAL STATEMENTS

CHARTER TOWNSHIP OF OXFORD  
Statement of Net Assets  
December 31, 2004

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 4,768,874	\$ 6,467,185	\$ 11,236,059
Receivables (net of allowance for uncollectibles):			
Accounts	93,575	261,764	355,339
Notes	30,000	-	30,000
Due from Other Funds	523,252	5,585	528,837
Due from Other Units	29,900	97,146	127,046
Prepaid Expenditures	19,804	-	19,804
Capital Assets (net of Accumulated Depreciation)	11,639,006	7,850,883	19,489,889
Total Assets	<u>17,104,411</u>	<u>14,682,563</u>	<u>31,786,974</u>
<u>LIABILITIES</u>			
Accounts Payable	369,408	285,318	654,726
Accrued Liabilities	27,036	45,000	72,036
Due to Other Funds	27,587	501,250	528,837
Due to Other Units	4,783	509,933	514,716
Deferred Revenue	384,545	-	384,545
Noncurrent Liabilities:			
Due within one year	626,389	-	626,389
Due in more than one year	9,259,182	-	9,259,182
Total Liabilities	<u>10,698,930</u>	<u>1,341,501</u>	<u>12,040,431</u>
<u>NET ASSETS</u>			
Invested in Capital Assets, net of related debt	1,753,435	7,850,883	9,604,318
Restricted for:			
Capital Projects	1,392,845	-	1,392,845
Debt Service	22,593	-	22,593
Unrestricted (Deficit)	3,236,608	5,490,179	8,726,787
Total Net Assets	\$ <u>6,405,481</u>	\$ <u>13,341,062</u>	\$ <u>19,746,543</u>



CHARTER TOWNSHIP OF OXFORD  
Statement of Activities  
For the Year Ended December 31, 2004

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General Government	\$ 1,491,019	\$ 123,545	\$ 9,608	\$ 7,450
Public Safety	3,294,561	556,471	7,082	39,300
Planning and Zoning	187,025	52,677	-	-
Public Works	80,657	-	-	-
Health and Welfare	55,942	-	31,975	-
Recreation and Cultural	2,142,621	600,004	22,968	4,289
Interest on Long-Term Debt	486,790	-	-	-
Total Governmental Activities	<u>7,738,615</u>	<u>1,332,697</u>	<u>71,633</u>	<u>51,039</u>
Business-type Activities:				
Water	183,400	4,980	-	90,749
Sewer	1,116,826	894,931	-	623,000
Total Business-type Activities	<u>1,300,226</u>	<u>899,911</u>	<u>-</u>	<u>713,749</u>
Total	\$ <u>9,038,841</u>	\$ <u>2,232,608</u>	\$ <u>71,633</u>	\$ <u>764,788</u>

General Revenues:

Property Taxes

State Shared Revenue

Franchise Fees

Unrestricted Investment Earnings

Total General Revenues

Change in Net Assets

Net Assets - Beginning

Net Assets - Ending

Net (Expense) Revenue and Changes in Net Assets

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
\$ (1,350,416)	\$ -	\$ (1,350,416)
(2,691,708)	-	(2,691,708)
(134,348)	-	(134,348)
(80,657)	-	(80,657)
(23,967)	-	(23,967)
(1,515,360)	-	(1,515,360)
(486,790)	-	(486,790)
<u>(6,283,246)</u>	<u>-</u>	<u>(6,283,246)</u>
-	(87,671)	(87,671)
-	401,105	401,105
-	<u>313,434</u>	<u>313,434</u>
<u>(6,283,246)</u>	<u>313,434</u>	<u>(5,969,812)</u>
5,542,163	-	5,542,163
945,332	-	945,332
81,533	-	81,533
90,430	75,837	166,267
<u>6,659,458</u>	<u>75,837</u>	<u>6,735,295</u>
376,212	389,271	765,483
<u>6,029,269</u>	<u>12,951,791</u>	<u>18,981,060</u>
\$ <u><u>6,405,481</u></u>	\$ <u><u>13,341,062</u></u>	\$ <u><u>19,746,543</u></u>

CHARTER TOWNSHIP OF OXFORD  
Balance Sheet  
Governmental Funds  
December 31, 2004

	<u>General</u>	<u>Police Contracting</u>	<u>Parks and Recreation</u>	<u>Library</u>
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 1,093,452	\$ 436,050	\$ 195,146	\$ 1,152,758
Receivables (net of allowance for uncollectibles):				
Accounts	29,638	5,299	-	-
Notes	-	-	-	30,000
Due from Other Funds	19,430	-	-	-
Due from Other Units	13,051	16,849	-	-
Prepaid Expenditures	<u>11,071</u>	<u>1,398</u>	<u>5,566</u>	<u>-</u>
Total Assets	\$ <u>1,166,642</u>	\$ <u>459,596</u>	\$ <u>200,712</u>	\$ <u>1,182,758</u>
<u>LIABILITIES AND FUND BALANCE</u>				
Liabilities:				
Accounts Payable	\$ 114,992	\$ 212,602	\$ 13,175	\$ -
Accrued and Other Liabilities	8,190	-	-	15,240
Due to Other Funds	3,822	-	-	-
Due to Other Units	-	-	-	-
Deferred Revenue	<u>44,013</u>	<u>113,271</u>	<u>42,381</u>	<u>65,419</u>
Total Liabilities	<u>171,017</u>	<u>325,873</u>	<u>55,556</u>	<u>80,659</u>
Fund Balances:				
Reserved for:				
Capital Projects	-	-	-	-
Debt Service	-	-	-	-
Unreserved for:				
General Fund	995,625	-	-	-
Special Revenue Funds	<u>-</u>	<u>133,723</u>	<u>145,156</u>	<u>1,102,099</u>
Total Fund Balances	<u>995,625</u>	<u>133,723</u>	<u>145,156</u>	<u>1,102,099</u>
Total Liabilities and Fund Balances	\$ <u>1,166,642</u>	\$ <u>459,596</u>	\$ <u>200,712</u>	\$ <u>1,182,758</u>

Amounts reported for governmental activities in the statement of net assets are difference because:  
Capital Assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.  
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.

Net Assets of Governmental Activities

Building and Site	Other Governmental Funds	Total Governmental Funds
\$ 872,810	\$ 1,018,658	\$ 4,768,874
-	58,638	93,575
-	-	30,000
500,000	3,822	523,252
-	-	29,900
-	1,769	19,804
<u>\$ 1,372,810</u>	<u>\$ 1,082,887</u>	<u>\$ 5,465,405</u>

\$ 330	\$ 28,309	\$ 369,408
-	3,606	27,036
-	23,765	27,587
-	4,783	4,783
-	119,461	384,545
<u>330</u>	<u>179,924</u>	<u>813,359</u>

1,372,480	20,365	1,392,845
-	22,593	22,593
-	-	995,625
-	860,005	2,240,983
<u>1,372,480</u>	<u>902,963</u>	<u>4,652,046</u>
<u>\$ 1,372,810</u>	<u>\$ 1,082,887</u>	

11,639,006

(9,885,571)

\$ 6,405,481

CHARTER TOWNSHIP OF OXFORD  
Statement of Revenues, Expenditures, and Changes in Fund Balance  
Governmental Funds  
For the Year Ended December 31, 2004

	<u>General</u>	<u>Police Contracting</u>	<u>Parks and Recreation</u>	<u>Library</u>
<u>Revenues</u>				
Property Taxes	\$ 629,564	\$ 1,629,112	\$ 576,205	\$ 941,238
Licenses and Permits	37,875	-	-	-
Intergovernmental:				
Federal, State and Local	949,421	17,872	2,189	44,802
Charges for Services	56,249	75,093	556,039	-
Fines and Forfeitures	-	48,658	-	15,958
Franchise Fees	-	-	-	-
Interest	24,238	9,382	3,647	29,654
Other	63,480	-	312	27,695
Total Revenues	<u>1,760,827</u>	<u>1,780,117</u>	<u>1,138,392</u>	<u>1,059,347</u>
<u>Expenditures</u>				
Current:				
General Government	1,138,460	-	-	-
Public Safety	-	1,814,831	-	-
Planning and Zoning	187,025	-	-	-
Public Works	51,941	-	-	-
Health and Welfare	55,942	-	-	-
Recreation and Cultural	-	-	1,031,188	985,218
Other	219,884	-	-	-
Debt Service:				
Principal	-	-	18,203	-
Interest and Other Charges	-	-	1,511	-
Capital Outlay	54,819	-	82,093	16,112
Total Expenditures	<u>1,708,071</u>	<u>1,814,831</u>	<u>1,132,995</u>	<u>1,001,330</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>52,756</u>	<u>(34,714)</u>	<u>5,397</u>	<u>58,017</u>
<u>Other Financing Sources (Uses)</u>				
Loan Proceeds	-	-	27,658	-
Transfers In	-	-	-	-
Transfers Out	(151,843)	-	-	-
Total Other Financing Sources (Uses)	<u>(151,843)</u>	<u>-</u>	<u>27,658</u>	<u>-</u>
Net Change in Fund Balances	(99,087)	(34,714)	33,055	58,017
Fund Balances - Beginning	<u>1,094,712</u>	<u>168,437</u>	<u>112,101</u>	<u>1,044,082</u>
Fund Balances - Ending	\$ <u><u>995,625</u></u>	\$ <u><u>133,723</u></u>	\$ <u><u>145,156</u></u>	\$ <u><u>1,102,099</u></u>

<u>Building and Site</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ -	\$ 1,766,044	\$ 5,542,163
-	424,416	462,291
-	29,861	1,044,145
-	-	687,381
-	-	64,616
-	81,533	81,533
8,784	14,725	90,430
-	50,781	142,268
<u>8,784</u>	<u>2,367,360</u>	<u>8,114,827</u>
-	1,291	1,139,751
-	1,197,768	3,012,599
-	-	187,025
-	25,703	77,644
-	-	55,942
-	-	2,016,406
-	113,412	333,296
-	565,000	583,203
-	485,279	486,790
2,192	88,220	243,436
<u>2,192</u>	<u>2,476,673</u>	<u>8,136,092</u>
<u>6,592</u>	<u>(109,313)</u>	<u>(21,265)</u>
-	-	27,658
-	151,843	151,843
-	-	(151,843)
<u>-</u>	<u>151,843</u>	<u>27,658</u>
6,592	42,530	6,393
<u>1,365,888</u>	<u>860,433</u>	<u>4,645,653</u>
\$ <u><u>1,372,480</u></u>	\$ <u><u>902,963</u></u>	\$ <u><u>4,652,046</u></u>

CHARTER TOWNSHIP OF OXFORD  
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances  
of Governmental Funds to the Statement of Activities  
For the Year Ended December 31, 2004

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	\$ 6,393
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	(204,929)
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	<u>574,748</u>
Change in net assets in governmental activities	\$ <u><u>376,212</u></u>

CHARTER TOWNSHIP OF OXFORD  
Balance Sheet  
Proprietary Funds  
December 31, 2004

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Sewer</u>	<u>Water</u>	<u>Total</u>
<u>ASSETS</u>			
Current Assets:			
Cash	\$ 5,866,148	\$ 601,037	\$ 6,467,185
Accounts Receivable	261,764	-	261,764
Due from Other Funds	3,500	2,085	5,585
Due from Other Units	78,729	18,417	97,146
Total Current Assets	<u>6,210,141</u>	<u>621,539</u>	<u>6,831,680</u>
Fixed Assets:			
Land	-	139,253	139,253
Water Mains	-	6,256,824	6,256,824
Sewer Mains	5,996,536	-	5,996,536
Accumulated Depreciation	<u>(3,963,111)</u>	<u>(578,619)</u>	<u>(4,541,730)</u>
Net Fixed Assets	<u>2,033,425</u>	<u>5,817,458</u>	<u>7,850,883</u>
Total Assets	<u>\$ 8,243,566</u>	<u>\$ 6,438,997</u>	<u>\$ 14,682,563</u>
<u>LIABILITIES AND FUND EQUITY</u>			
Current Liabilities:			
Accounts Payable	\$ 220,178	\$ 65,140	\$ 285,318
Contracts Payable	-	45,000	45,000
Due to Other Funds	-	501,250	501,250
Due to Other Units	<u>509,933</u>	<u>-</u>	<u>509,933</u>
Total Current Liabilities	<u>730,111</u>	<u>611,390</u>	<u>1,341,501</u>
Fund Equity:			
Invested in Capital Assets, net of related debt	2,033,425	5,817,458	7,850,883
Unrestricted	<u>5,480,030</u>	<u>10,149</u>	<u>5,490,179</u>
Total Fund Equity	<u>7,513,455</u>	<u>5,827,607</u>	<u>13,341,062</u>
Total Liabilities and Fund Equity	<u>\$ 8,243,566</u>	<u>\$ 6,438,997</u>	<u>\$ 14,682,563</u>



CHARTER TOWNSHIP OF OXFORD  
Statement of Revenues, Expenses and Changes in Fund Equity  
Proprietary Funds  
For the Year Ended December 31, 2004

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Sewer</u>	<u>Water</u>	<u>Total</u>
Operating Revenues:			
Charges for Services	\$ <u>894,931</u>	\$ <u>4,980</u>	\$ <u>899,911</u>
Operating Expenses:			
Operations & Maintenance	966,913	60,010	1,026,923
Depreciation Expense	<u>149,913</u>	<u>123,390</u>	<u>273,303</u>
Total Operating Expenses	<u>1,116,826</u>	<u>183,400</u>	<u>1,300,226</u>
Operating Income (Loss)	(221,895)	(178,420)	(400,315)
Nonoperating Revenues:			
Interest Income	<u>69,608</u>	<u>6,229</u>	<u>75,837</u>
Income (Loss) Before Contributions	(152,287)	(172,191)	(324,478)
Capital Contributions	<u>623,000</u>	<u>90,749</u>	<u>713,749</u>
Net Income (Loss)	470,713	(81,442)	389,271
Fund Equity - January 1	<u>7,042,742</u>	<u>5,909,049</u>	<u>12,951,791</u>
Fund Equity - December 31	\$ <u><u>7,513,455</u></u>	\$ <u><u>5,827,607</u></u>	\$ <u><u>13,341,062</u></u>

CHARTER TOWNSHIP OF OXFORD  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended December 31, 2004

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Sewer</u>	<u>Water</u>	<u>Total</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Receipts from customers and users	\$ 869,953	\$ 661,991	\$ 1,531,944
Payments to suppliers	<u>(840,050)</u>	<u>(246,263)</u>	<u>(1,086,313)</u>
Net Cash Provided by Operating Activities	<u>29,903</u>	<u>415,728</u>	<u>445,631</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>			
Construction of Capital Assets	-	(254,960)	(254,960)
Capital Contributions	<u>623,000</u>	<u>90,749</u>	<u>713,749</u>
	<u>623,000</u>	<u>(164,211)</u>	<u>458,789</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Interest Earned	<u>69,608</u>	<u>6,229</u>	<u>75,837</u>
Net Increase (Decrease) in Cash and Cash Equivalents	722,511	257,746	980,257
Cash and Cash Equivalents, Beginning	<u>5,143,637</u>	<u>343,291</u>	<u>5,486,928</u>
Cash and Cash Equivalents, Ending	<u>\$ 5,866,148</u>	<u>\$ 601,037</u>	<u>\$ 6,467,185</u>
<u>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:</u>			
Operating Income (Loss)	\$ (221,895)	\$ (178,420)	\$ (400,315)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Depreciation and Amortization Expense	149,913	123,390	273,303
(Increase) Decrease in Accounts Receivable	57,251	-	57,251
(Increase) Decrease in Due from Other Funds	(3,500)	98,161	94,661
(Increase) Decrease in Due from Other Units	(78,729)	558,850	480,121
Increase (Decrease) in Accounts Payable	26,700	(109,487)	(82,787)
Increase (Decrease) in Contracts Payable	-	(21,851)	(21,851)
Increase (Decrease) in Due to Other Funds	(2,770)	(54,915)	(57,685)
Increase (Decrease) in Due to Other Units	<u>102,933</u>	<u>-</u>	<u>102,933</u>
Net Cash Provided (Used) by Operating Activities:	<u>\$ 29,903</u>	<u>\$ 415,728</u>	<u>\$ 445,631</u>

CHARTER TOWNSHIP OF OXFORD  
Statement of Fiduciary Net Assets  
Fiduciary Funds  
December 31, 2004

			<u>Agency Funds</u>	
	<u>Cemetery</u>		<u>Current</u>	<u>Trust &amp;</u>
	<u>Trust Fund</u>		<u>Tax Collection</u>	<u>Agency</u>
<u>ASSETS</u>				
Cash	\$ 43,241	\$	4,955,894	\$ 255,597
 <u>LIABILITIES</u>				
Due to Other	<u>-</u>		<u>4,955,894</u>	<u>255,597</u>
 <u>NET ASSETS</u>				
Reserved for Cemetery	\$ <u>43,241</u>	\$	<u>-</u>	\$ <u>-</u>

CHARTER TOWNSHIP OF OXFORD  
Statement of Changes in Fiduciary Net Assets  
Cemetery Trust Fund  
For the Year Ended December 31, 2004

Additions:		
Interest Income	\$	1,135
Deductions:		
Maintenance Expense		<u>(1,135)</u>
Net Increase		-
Net Assets - Beginning		<u>43,241</u>
Net Assets - Ending	\$	<u><u>43,241</u></u>

CHARTER TOWNSHIP OF OXFORD  
Notes to Financial Statements  
December 31, 2004

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Oxford Township became a Charter Township by resolution of the Township Board. The Township is operated under a Board of Trustees form of government and provides the following services as authorized by law: public safety (police and fire), library, recreation, public improvements, building, planning and zoning, and general administrative services.

As required by generally accepted accounting principles, these financial statements present the Charter Township of Oxford and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities are, in substance, part of the Township's operations and so data from these units is combined with data of the primary government. The discretely presented component units, on the other hand, are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the government. All component units of the Charter Township of Oxford are blended component units and as such, all their financial data has been combined with the data of the primary government in these financial statements. Each component unit has a December 31 year end.

B. Joint Ventures

North Oakland Transportation Authority

The Authority provides transportation services for the following six entities, the Charter Township of Oxford, the Charter Township of Orion, the Township of Addison, the Village of Lake Orion, the Village of Leonard and the Village of Oxford. The Authority's board consists of nine members of which the Charter Township of Oxford appoints two. For the fiscal year ended December 31, 2004, the Charter Township of Oxford provided \$45,757 to the Authority. The North Oakland Transportation Authority is not considered a part of the reporting entity of the Charter Township of Oxford. Separate financial statements of the joint venture may be obtained at North Oakland Transportation Authority, 1370 South Lapeer Road, Oxford, Michigan 48371.

Oxford Public Fire & EMS Commission

The Oxford Public Fire and EMS commission provides fire and emergency medical service to the Charter Township of Oxford and the Village of Oxford. The Commission's board consists of all board members of the Township and all council members of the Village. During the fiscal year ended December 31, 2004, the Charter Township of Oxford provided \$651,013 to the Commission. The Oxford Public Fire and EMS Commission is not considered a part of the reporting entity of the Charter Township of Oxford. Separate financial statements of the joint venture may be obtained at Oxford Public Fire and EMS Commission, 22 W. Burdick Street, Oxford, Michigan 48371

CHARTER TOWNSHIP OF OXFORD  
Notes to Financial Statements  
December 31, 2004

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

C. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e. the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

CHARTER TOWNSHIP OF OXFORD  
Notes to Financial Statements  
December 31, 2004

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation - Continued

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the Township.

Governmental Funds

The Township reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Police Contracting, Parks and Recreation, and Library Funds are special revenue funds supported by voted operating tax levies. The Building and Site Fund is a capital projects fund used to accumulate resources for improvements and acquisitions of Township real and personal property.

In addition, the Township reports on the following fund types:

The special revenue funds account for revenue sources that are legally restricted to expenditures for specific purposes.

The debt service funds account for the resources accumulated and payments made for principal and interest on long-term debt of governmental funds.

The capital project funds account for bond proceeds and the related construction expenditures for the respective projects.

Proprietary Funds

Proprietary funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Proprietary funds include the following fund type:

Enterprise Funds are used to account for those operations that are financed and operated in a manner similar to private business or where the Township has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability. The Township's enterprise funds are the Water and Sewer Funds, which are reported as major funds.

CHARTER TOWNSHIP OF OXFORD  
Notes to Financial Statements  
December 31, 2004

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation - Continued

Proprietary Funds - Continued

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Township has elected not to follow subsequent private-sector guidance.

Fiduciary Funds

Fiduciary Funds account for assets held by the government in a trustee capacity by the Township or as an agent on behalf of others. Fiduciary funds include the following fund types:

Cemetery Trust Funds – The Cemetery Trust Fund Accounts for the accumulation of perpetual care revenues from cemetery lot sales. The revenues earned on these accumulations can be used to offset maintenance expenses.

The Agency Funds are used to account for assets that the government holds for others in an agency capacity. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Restricted Resources

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as needed.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.



CHARTER TOWNSHIP OF OXFORD  
Notes to Financial Statements  
December 31, 2004

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

E. Assets, Liabilities and Net Assets or Equity

1. Deposits and Investments

The Township's cash and cash equivalents are considered to be cash on hand, demand deposits and short term investments with original maturities of three months or less from the date of acquisition. State statutes authorize the Township to invest in obligations of the U.S. Treasury, commercial paper of certain investment grades, and deposits of Michigan commercial banks.

2. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds" (i.e. the current portion of interfund loans) or "advances to/from other funds" (i.e. non-current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade receivables are shown net of allowances for uncollectible accounts, which are recorded as follows:

	<u>Accounts Receivable Governmental</u>	<u>Accounts Receivable Enterprise</u>
Total	\$ 93,575	\$ 261,764
Less Allowance for Doubtful Accounts	<u>-</u>	<u>-</u>
Net Realizable Value	<u>\$ 93,575</u>	<u>\$ 261,764</u>

3. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects

CHARTER TOWNSHIP OF OXFORD  
Notes to Financial Statements  
December 31, 2004

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

E. Assets, Liabilities and Net Assets or Equity – Continued

3. Capital Assets – Continued

are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of capitalized value of the assets constructed.

Property, plant and equipment of the primary government, as well as the component units, is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	10-25
Equipment	5-15
Infrastructure	15-50

4. Compensated Absences

In accordance with contracts negotiated with the various employee groups of the Township, individual employees have vested rights upon termination of employment to receive payment for unused vacation and sick leave under formulas and conditions specified in the contracts. All sick and vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only when they have matured or come due for payment. The long-term portion of compensated absences related to the governmental funds is a liability recorded in the Statement of Net Assets. The total liability at December 31, 2004 is \$46,447.

5. Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, long-term debt is recognized as a liability of a governmental fund when due. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining

CHARTER TOWNSHIP OF OXFORD  
Notes to Financial Statements  
December 31, 2004

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

E. Assets, Liabilities and Net Assets or Equity – Continued

5. Long-term Obligations – Continued

portion of such obligations is reported in the Statement of Net Assets. Long-term liabilities expected to be financed from proprietary funds are reported as liabilities in those funds.

6. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet And the Statement of Net Assets

The governmental fund balance sheet includes a reconciliation between *fund balance - total governmental funds* and *net assets - governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$9,885,571 difference are as follows:

General Obligation Bonds and Contracts Payable	\$ 9,861,215
Compensated Absences Payable	<u>24,356</u>
	<u>\$ 9,885,571</u>

B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-Wide Statement of Activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances - total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is

CHARTER TOWNSHIP OF OXFORD  
Notes to Financial Statements  
December 31, 2004

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS -  
Continued

B. Explanation of Certain Differences Between the Governmental Fund Statement  
of Revenues, Expenditures, and Changes in Fund Balances and the Government-  
Wide Statement of Activities – Continued

allocated over their estimated useful lives and reported as depreciation  
expense.” The details of this \$(204,929) difference are as follows:

Capital Outlay	\$ 243,436
Depreciation Expense	<u>(448,365)</u>
	<u><u>\$ (204,929)</u></u>

Another element of that reconciliation states that “the issuance of long-term  
debt (e.g., bonds, leases) provides current financial resources to governmental  
funds, while the repayment of the principal of long-term debt consumes the  
current financial resources of governmental funds. Neither transaction, however,  
has any effect on net assets. Also, governmental funds report the effect of  
issuance costs, premiums, discounts, and similar items when debt is first issued,  
whereas these amounts are deferred and amortized in the statement of  
activities.” The details of this \$574,748 difference are as follows:

Debt Issued	\$ (27,658)
Principal Repayments	583,203
Reduction in Compensated Absences	<u>19,203</u>
	<u><u>\$ 574,748</u></u>

III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

The Township is legally subject to the budgetary control requirements of the State  
of Michigan P.A. 621 of 1978 (Uniform Budgeting Act). The following is a summary  
of the requirements of this act:

- a. Budgets must be adopted for the General and Special Revenue Funds.
- b. Budgets must be balanced.
- c. Budgets must be amended as necessary.
- d. Public hearings must be held prior to adoption.
- e. Expenditures cannot exceed budget appropriations.
- f. Expenditures must be authorized by a budget appropriation prior to being  
incurred.

CHARTER TOWNSHIP OF OXFORD  
Notes to Financial Statements  
December 31, 2004

III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY - Continued

A. Budgetary Information - Continued

The Township follows these procedures in establishing the budgetary data reflected in these financial statements:

1. In accordance with State law, prior to September 30, the Supervisor submits to the Township Board a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and means of financing them for the upcoming year. Detail line item budgets are included for administrative control. The level of control for the detail budgets is at the departmental basis.
2. Public hearings are conducted in September and October to obtain taxpayer comment.
3. Prior to December 15, the budget is legally enacted through passage of a budget resolution (general appropriation act).
4. Formal budgetary integration is employed as a management control device for the General and Special Revenue Funds. Budgets for these funds are prepared and adopted on a basis consistent with generally accepted accounting principles (GAAP).
5. Proprietary Fund budgets are prepared on a non-GAAP method.
6. Budget appropriations lapse at year end.
7. The Township does not employ encumbrance accounting as an extension of formal budgetary integration in the governmental funds.
8. Budgeted amounts are reported as originally adopted and as amended by the Township Board.

B. Compliance with P.A. 621 of 1978

1. Deficit Fund Balance

None of the funds have a deficit fund balance as of December 31, 2004.

CHARTER TOWNSHIP OF OXFORD  
Notes to Financial Statements  
December 31, 2004

III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY - Continued

B. Compliance with P.A. 621 of 1978 - Continued

2. Excess of Expenditures Over Appropriations in Budgetary Funds

The following departments had excess of expenditures over appropriations:

<u>General Fund</u>	<u>Actual</u>	<u>Final Budget</u>	<u>Excess of Expenditures Over Appropriations</u>
Assessor	\$ 140,320	\$ 128,482	\$ 11,838
Veterans Building	72,643	70,692	1,951
Street Lighting	6,320	5,633	687
Citizens Programs	39,092	35,000	4,092
Capital Outlay	54,819	51,047	3,772
 <u>Police Contracting Fund</u>			
Public Safety	1,814,831	1,760,743	54,088
 <u>Parks and Recreation Fund</u>			
Debt Service	19,714	-	19,714
Capital Outlay	82,093	66,140	15,953

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Under State law, the Township is permitted to invest in deposits with Michigan commercial banks, savings and loans and credit unions, obligations of the U.S. Treasury, and corporate bonds and commercial paper with certain investment grades.

Deposits (cash and certificates of deposit) are carried at cost which approximates market value. The carrying amount of deposits are separately displayed on the balance sheets as "Cash and Cash Equivalents".

The carrying amount of the Township's deposits with financial institutions at December 31, 2004 was \$16,490,791 and the bank balance was \$16,152,027 categorized as follows:

	<u>Bank Balance</u>
Insured by F.D.I.C.	\$ 211,687
Uninsured and Uncollateralized	<u>15,940,340</u>
Total	<u>\$ 16,152,027</u>

CHARTER TOWNSHIP OF OXFORD  
Notes to Financial Statements  
December 31, 2004

IV. DETAILED NOTES ON ALL FUNDS - Continued

A. Deposits and Investments - Continued

A reconciliation of cash for the primary government follows:

Cash and Cash Equivalents per:	
Statement of Net Assets	\$ 11,236,059
Trust Funds	43,241
Agency Funds	<u>5,211,491</u>
Total	<u>\$ 16,490,791</u>

B. Capital Assets

Capital asset activity for the year ended December 31, 2004 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities:				
Capital Assets, not depreciated:				
Land	\$ 1,246,084	\$ -	\$ -	\$ 1,246,084
Capital Assets, being depreciated:				
Building and Land Improvements	9,780,621	69,188	-	9,849,809
Vehicles	1,941,291	27,658	-	1,968,949
Machinery and Equipment	1,029,818	92,582	-	1,122,400
Infrastructure	18,186	54,008	-	72,194
	<u>14,016,000</u>	<u>243,436</u>	<u>-</u>	<u>14,259,436</u>
Less: Accumulated Depreciation:				
Building and Land Improvements	(1,566,096)	(230,333)	-	(1,796,429)
Vehicles	(266,707)	(133,101)	-	(399,808)
Machinery and Equipment	(338,555)	(81,918)	-	(420,473)
Infrastructure	(707)	(3,013)	-	(3,720)
	<u>(2,172,065)</u>	<u>(448,365)</u>	<u>-</u>	<u>(2,620,430)</u>
Governmental Activities				
Capital Assets, net	<u>\$11,843,935</u>	<u>\$(204,929)</u>	<u>\$ -</u>	<u>\$ 11,639,006</u>

Depreciated expense was charged to functions programs of the primary government as follows:

General Government	\$ 17,972
Public Safety	281,962
Public Works	3,013
Recreational Cultural	<u>145,418</u>
	<u>\$ 448,365</u>

CHARTER TOWNSHIP OF OXFORD  
Notes to Financial Statements  
December 31, 2004

IV. DETAILED NOTES ON ALL FUNDS - Continued

B. Capital Assets – Continued

<u>Business-type Activities:</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital Assets, not depreciated:				
Land	\$ 139,253	\$ -	\$ -	\$ 139,253
Capital Assets, being depreciated: Infrastructure	11,998,400	254,960	-	12,253,360
Less: Accumulated Depreciation:				
Infrastructure	<u>(4,268,427)</u>	<u>(273,303)</u>	<u>-</u>	<u>(4,541,730)</u>
Business-type Activities Capital Assets, net	<u>\$ 7,869,226</u>	<u>\$ (18,343)</u>	<u>\$ -</u>	<u>\$ 7,850,883</u>

C. Inter-fund Receivables, Payables and Transfers

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Building Fund	\$ 19,430
Building and Site Fund	Water Enterprise Fund	500,000
Building Fund	General Fund	3,822
Sewer Enterprise Fund	Building Fund	2,250
Sewer Enterprise Fund	Water Enterprise Fund	1,250
Water Enterprise Fund	Building Fund	2,085
		<u>\$ 528,837</u>
<u>Transfers In</u>	<u>Transfers Out</u>	
Cable Television Fund	General Fund	\$ 21,843
Police Fund	General Fund	130,000
		<u>\$ 151,843</u>



CHARTER TOWNSHIP OF OXFORD  
Notes to Financial Statements  
December 31, 2004

IV. DETAILED NOTES ON ALL FUNDS - Continued

D. Long-Term Debt

The following is a summary of long-term debt transactions of the Township for the year ended December 31, 2004:

	Balance Jan 1, 2004	Additions	Reductions	Balance Dec 31, 2004	Due Within One Year
Governmental Activities:					
Installment Notes	\$ 11,760	\$ 27,658	\$ 18,203	\$ 21,215	\$ 16,389
General Obligation Bonds	10,405,000	-	565,000	9,840,000	610,000
Compensated Absence	43,559	-	19,203	24,356	-
	<u>\$ 10,460,319</u>	<u>\$ 27,658</u>	<u>\$ 602,406</u>	<u>\$ 9,885,571</u>	<u>\$ 626,389</u>

The following is a summary of general obligation debt outstanding of the Township as of December 31, 2004:

	Number of Issues	Interest Rate	Maturing Through	Principal Outstanding
Governmental Activities:				
Installment Notes	2	5.597%-6.697%	2006	\$ 21,215
General Obligation Bonds	2	4.60%-6.60%	2016	9,840,000
				<u>\$ 9,861,215</u>

The annual debt service requirements to maturity for debt outstanding as of December 31, 2004 is as follows:

Year Ended	Governmental Activities	
	Principal	Interest
2005	\$ 626,389	\$ 460,670
2006	659,826	427,865
2007	700,000	396,985
2008	750,000	134,320
2009	805,000	328,694
2010-2014	4,855,000	1,006,696
2015-2016	1,465,000	70,750
	<u>\$ 9,861,215</u>	<u>\$ 2,825,980</u>

CHARTER TOWNSHIP OF OXFORD  
Notes to Financial Statements  
December 31, 2004

IV. DETAILED NOTES ON ALL FUNDS - Continued

E. Reserved Fund Balance

A detailed description of fund balance reservations and designations (for all governmental fund types) at December 31, 2004, is presented below:

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
<u>Fund Balance</u>				
Reserved for:				
Capital Projects	\$ -	\$ -	\$ -	\$ 1,392,845
Debt Service	-	-	22,593	-
Total Reserved	-	-	22,593	1,392,845
Unreserved:				
Undesignated	995,625	2,240,983	-	-
Total Fund Balance	<u>\$ 995,625</u>	<u>\$ 2,240,983</u>	<u>\$ 22,593</u>	<u>\$ 1,392,845</u>

F. Property Taxes

Property taxes are assessed as of each December 31. The Township tax levy is billed on December 1 of the following year, and payable through February. Taxes are considered delinquent on March 1, at which time the applicable property is subject to lien and penalty and interest is assessed. The maximum authorized operating levies for the Township are detailed below:

<u>Purpose</u>	<u>Authorization</u>	<u>Authorized Rate (Pre Rollback)*</u>	<u>Per \$1,000 State Equalized Value Authorized Rate (Post Rollback)*</u>	<u>Rate Levied</u>
Operating	State Law	1.4100	.9794	.9500
Police Services	Voter Approved	3.2400	2.9903	2.9903
Library	Voter Approved	1.0000	.6947	.6947
Library	Voter Approved	.8500	.7413	.7413
Parks and Recreation	Voter Approved	.9645	.8769	.8769
Library Debt	Voter Approved	As Needed	-	.4900
Fire Services	Voter Approved	1.4716	1.3202	1.3020
Fire Debt	Voter Approved	As Needed	-	1.1100
Total				<u>9.1552</u>

CHARTER TOWNSHIP OF OXFORD  
Notes to Financial Statements  
December 31, 2004

V. OTHER INFORMATION

A. Library Contract Receivable

On July 23 ,1998, the Township library sold the old library building and land to the Village of Oxford for \$100,000. The amount is to be collected in annual payments of \$10,000 principal plus interest at the rate of 3%, per annum. As of December 31, 2004, \$30,000 of the contract receivable remained outstanding and is recorded in the Library Operating Fund.

<u>Due Date</u>	<u>Principal Amount</u>	<u>Interest Amount</u>
4-1-05	\$ 10,000	\$ 900
4-1-06	10,000	600
4-1-07	<u>10,000</u>	<u>300</u>
Totals	<u>\$ 30,000</u>	<u>\$ 1,800</u>

B. Risk Management

Oxford Charter Township is a member of the Michigan Township Participating Plan for its property and casualty insurance coverage and maintains commercial insurance coverage for workers compensation, and accidental death, dismemberment and disability liabilities. The Township believes such coverage is sufficient to preclude any significant uninsured losses to the Township. Settled claims have not exceeded this coverage in any of the past three fiscal years.

C. Defined Contribution Plans

The Township maintains three separate defined contribution pension plans for its elected officials and other qualified employees of the Township, Parks and Recreation, and Library. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees of the different plans are eligible to participate at varying dates of employment. The plans were established by Township ordinance, which may be amended by

CHARTER TOWNSHIP OF OXFORD  
Notes to Financial Statements  
December 31, 2004

V. OTHER INFORMATION - Continued

C. Defined Contribution Plans - Continued

amendment of the ordinance. Additional information for each plan follows:

	<u>General</u>	<u>Parks and</u>	<u>Library</u>
	<u>Manulife</u>	<u>Recreation</u>	<u>Various</u>
Plan Administrator	Manulife	Manulife	Various
Vesting	Immediate	Immediate	Immediate
Contribution Base	Base Compensation	Base Compensation	Base Compensation
Employer Contribution Rate	10-15%	15%	Discretionary
Employee Voluntary Contribution Rate	Up to 10%	Up to 10%	N/A
Numbered Participants	17	7	14
Employer Contribution	\$68,213	\$35,351	\$38,376
Employee Contribution	\$525	\$-0-	N/A

D. Contingent Liabilities

1. Property Tax Appeals

Utility companies appealed tax assessments for 1997-2003, claiming that the State Tax Commission revised depreciation tables adopted in 1999 had retroactive effect. The Township has defended the action, but the case remains unsettled, as is the case statewide. The Township attorney is unable to determine the probable results for the tax amounts in question. Accordingly, adjustments, if any, that might result from the resolution of this matter have not been reflected in the financial statements.

The Township also has other property tax assessment appeals pending. The Township attorney is unable to determine the probable results and therefore no adjustments have been reflected in the financial statements.

CHARTER TOWNSHIP OF OXFORD  
Notes to Financial Statements  
December 31, 2004

V. OTHER INFORMATION - Continued

D. Contingent Liabilities - Continued

2. Sewer Enterprise Fund Liability

The Township has reached a tentative agreement in resolving the discrepancy in the amounts reported to the Oakland County Drain Commission for sewer usage for the years 1995-2005. A liability for the years (1995-2004) has been accrued in the amount of \$507,000 in the Sewer Enterprise Fund. The Township does not anticipate any amounts due for years not addressed in the tentative agreement with the county.

E. Prior Period Adjustment

Water Enterprise Fund

A liability had been accrued for benefit charges owed to a third party as of December 31, 2003 which totaled \$30,021. This amount was recorded in error, and a prior period adjustment has been made to the Water Enterprise Fund as follows:

	<u>Fund Equity</u> <u>At Dec 31, 2003</u>
Previously Reported	\$ 5,879,028
Adjustment	<u>30,021</u>
Adjusted Balance	<u>\$ 5,909,049</u>

REQUIRED SUPPLEMENTARY INFORMATION

CHARTER TOWNSHIP OF OXFORD  
General Fund  
Statement of Revenues, Expenditures and Changes  
in Fund Balance - Budget and Actual  
For the Year Ended December 31, 2004

	<u>Budgeted Amounts</u>			<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u>
Revenues:				
Property Taxes	\$ 618,700	\$ 567,730	\$ 629,564	\$ 61,834
Licenses and Permits	36,300	38,048	37,875	(173)
Intergovernmental - Federal	35,000	35,000	31,975	(3,025)
Intergovernmental - State	1,030,000	890,214	917,446	27,232
Charges for Services	79,180	87,829	56,249	(31,580)
Interest	25,585	23,448	24,238	790
Other	43,986	24,888	63,480	38,592
Total Revenues	<u>1,868,751</u>	<u>1,667,157</u>	<u>1,760,827</u>	<u>93,670</u>
Expenditures:				
General Government:				
Township Board	40,200	40,712	40,340	372
Township Supervisor	100,217	96,764	96,528	236
Elections	39,200	47,268	44,970	2,298
Assessor	125,000	128,482	140,320	(11,838)
Professional Fees	303,500	228,500	179,222	49,278
Township Clerk	126,899	126,413	123,556	2,857
Board of Review	3,400	2,952	2,952	-
Township Treasurer	125,394	121,325	119,800	1,525
Township Hall Building	39,300	25,556	24,978	578
Veterans Building	69,400	70,692	72,643	(1,951)
Cemetery	48,500	48,702	47,126	1,576
Other	266,430	251,998	246,025	5,973
Total General Government	<u>1,287,440</u>	<u>1,189,364</u>	<u>1,138,460</u>	<u>50,904</u>
Planning and Zoning:				
Planning Commission	139,461	162,832	152,831	10,001
Zoning	20,100	39,524	27,187	12,337
Board of Appeals	10,150	7,007	7,007	-
Total Planning and Zoning	<u>169,711</u>	<u>209,363</u>	<u>187,025</u>	<u>22,338</u>
Public Works:				
Highways and Streets	15,000	15,834	15,834	-
Street Lighting	7,450	5,633	6,320	(687)
Engineering	20,000	32,000	29,787	2,213
Total Public Works	<u>42,450</u>	<u>53,467</u>	<u>51,941</u>	<u>1,526</u>
Health and Welfare:				
Citizen Programs	35,000	35,000	39,092	(4,092)
Social Services	16,550	16,850	16,850	-
Total Health and Welfare	<u>51,550</u>	<u>51,850</u>	<u>55,942</u>	<u>(4,092)</u>
Other Functions:				
Fringe Benefits	175,000	170,257	161,315	8,942
Insurance and Bonds	33,000	43,644	43,644	-
Contributions	15,100	15,100	14,925	175
Total Other Functions	<u>223,100</u>	<u>229,001</u>	<u>219,884</u>	<u>9,117</u>
Capital Outlay	<u>44,500</u>	<u>51,047</u>	<u>54,819</u>	<u>(3,772)</u>
Total Expenditures	<u>1,818,751</u>	<u>1,784,092</u>	<u>1,708,071</u>	<u>76,021</u>

(continued)

CHARTER TOWNSHIP OF OXFORD  
General Fund  
Statement of Revenues, Expenditures and Changes  
in Fund Balance - Budget and Actual  
For the Year Ended December 31, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Excess (Deficiency) of Revenues Over Expenditures	\$ 50,000	\$ (116,935)	\$ 52,756	\$ 169,691
Other Financing Uses:				
Operating Transfers Out	<u>(50,000)</u>	<u>(168,094)</u>	<u>(151,843)</u>	<u>16,251</u>
Net Change in Fund Balance	\$ <u>-</u>	\$ <u>(285,029)</u>	(99,087)	\$ <u>185,942</u>
Fund Balance - January 1			<u>1,094,712</u>	
Fund Balance - December 31			\$ <u>995,625</u>	



CHARTER TOWNSHIP OF OXFORD  
Police Contracting Special Revenue Fund  
Statement of Revenues, Expenditures and Changes  
in Fund Balance - Budget and Actual  
For the Year Ended December 31, 2004

	<u>Budgeted Amounts</u>			<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u>
Revenues:				
Property Taxes	\$ 1,623,000	\$ 1,633,000	\$ 1,629,112	\$ (3,888)
Intergovernmental-State	17,882	17,872	17,872	-
Charges for Services	71,100	57,019	75,093	18,074
Fines and Forfeitures	61,000	46,725	48,658	1,933
Interest	3,800	6,127	9,382	3,255
Total Revenues	<u>1,776,782</u>	<u>1,760,743</u>	<u>1,780,117</u>	<u>19,374</u>
Expenditures:				
Public Safety	<u>1,776,782</u>	<u>1,760,743</u>	<u>1,814,831</u>	<u>(54,088)</u>
Net Change in Fund Balance	\$ <u>-</u>	\$ <u>-</u>	(34,714)	\$ <u>(34,714)</u>
Fund Balance - January 1			<u>168,437</u>	
Fund Balance - December 31			\$ <u>133,723</u>	

CHARTER TOWNSHIP OF OXFORD  
Parks and Recreation Special Revenue Fund  
Statement of Revenues, Expenditures and Changes  
in Fund Balance - Budget and Actual  
For the Year Ended December 31, 2004

	<u>Budgeted Amounts</u>			<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u>
Revenues:				
Property Taxes	\$ 570,000	\$ 571,279	\$ 576,205	\$ 4,926
Intergovernmental-State	-	-	2,189	2,189
Charges for Services	447,875	538,597	556,039	17,442
Interest	3,525	3,010	3,647	637
Other	-	312	312	-
Total Revenues	<u>1,021,400</u>	<u>1,113,198</u>	<u>1,138,392</u>	<u>25,194</u>
Expenditures:				
Recreation	981,900	1,047,058	1,031,188	15,870
Debt Service:				
Principal	-	-	18,203	(18,203)
Interest and Fees	-	-	1,511	(1,511)
Capital Outlay	<u>39,500</u>	<u>66,140</u>	<u>82,093</u>	<u>(15,953)</u>
Total Expenditures	<u>1,021,400</u>	<u>1,113,198</u>	<u>1,132,995</u>	<u>(19,797)</u>
Excess (Deficiency) of Revenues over Expenditures	-	-	5,397	5,397
Other Financing Sources:				
Loan Proceeds	<u>-</u>	<u>-</u>	<u>27,658</u>	<u>27,658</u>
Net Change in Fund Balance	\$ <u>-</u>	\$ <u>-</u>	33,055	\$ <u>33,055</u>
Fund Balance - January 1			<u>112,101</u>	
Fund Balance - December 31			\$ <u>145,156</u>	

CHARTER TOWNSHIP OF OXFORD  
Library Special Revenue Fund  
Statement of Revenues, Expenditures and Changes  
in Fund Balance - Budget and Actual  
For the Year Ended December 31, 2004

	<u>Budgeted Amounts</u>			<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u>
Revenues:				
Property Taxes	\$ 938,500	\$ 939,450	\$ 941,238	\$ 1,788
Intergovernmental-State	17,081	17,545	21,834	4,289
Intergovernmental-Local	24,000	22,968	22,968	-
Fines	15,000	15,000	15,958	958
Interest	27,525	27,525	29,654	2,129
Other	35,000	184,860	27,695	(157,165)
Total Revenues	<u>1,057,106</u>	<u>1,207,348</u>	<u>1,059,347</u>	<u>(148,001)</u>
Expenditures:				
Operating	1,027,106	1,177,348	985,218	192,130
Capital Outlay	30,000	30,000	16,112	13,888
Total Expenditures	<u>1,057,106</u>	<u>1,207,348</u>	<u>1,001,330</u>	<u>206,018</u>
Net Change in Fund Balance	\$ <u>-</u>	\$ <u>-</u>	58,017	\$ <u>58,017</u>
Fund Balance - January 1			<u>1,044,082</u>	
Fund Balance - December 31			\$ <u>1,102,099</u>	

CHARTER TOWNSHIP OF OXFORD  
Building and Site Capital Project Fund  
Statement of Revenues, Expenditures  
and Changes in Fund Balance  
For the Year Ended December 31, 2004

Revenues:	
Interest	\$ 8,784
Expenditures:	
Construction	<u>2,192</u>
Net Change in Fund Balance	6,592
Fund Balance - January 1	<u>1,365,888</u>
Fund Balance - December 31	\$ <u><u>1,372,480</u></u>

OTHER SUPPLEMENTARY INFORMATION

CHARTER TOWNSHIP OF OXFORD  
Combining Balance Sheet  
Nonmajor Governmental Funds  
December 31, 2004

	Special Revenue	Debt Service	Capital Project	Total Nonmajor Governmental Funds
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 906,110	\$ 92,183	\$ 20,365	\$ 1,018,658
Accounts Receivable	58,638	-	-	58,638
Due from Other Funds	3,822	-	-	3,822
Prepaid Expenditures	1,769	-	-	1,769
	<u>970,339</u>	<u>92,183</u>	<u>20,365</u>	<u>1,082,887</u>
Total Assets	\$ <u>970,339</u>	\$ <u>92,183</u>	\$ <u>20,365</u>	\$ <u>1,082,887</u>
<u>LIABILITIES AND FUND BALANCE</u>				
Liabilities:				
Accounts Payable	\$ 28,309	\$ -	\$ -	\$ 28,309
Accrued Liabilities	3,606	-	-	3,606
Due to Other Funds	23,765	-	-	23,765
Due to Other Units	4,783	-	-	4,783
Deferred Revenue	49,871	69,590	-	119,461
Total Liabilities	<u>110,334</u>	<u>69,590</u>	<u>-</u>	<u>179,924</u>
Fund Balance:				
Reserved for :				
Capital Projects	-	-	20,365	20,365
Debt Service	-	22,593	-	22,593
Unreserved	860,005	-	-	860,005
Total Fund Balance	<u>860,005</u>	<u>22,593</u>	<u>20,365</u>	<u>902,963</u>
Total Liabilities and Fund Balance	\$ <u>970,339</u>	\$ <u>92,183</u>	\$ <u>20,365</u>	\$ <u>1,082,887</u>

CHARTER TOWNSHIP OF OXFORD  
Combining Statement of Revenues, Expenditures and Changes in Fund Balance  
Nonmajor Governmental Funds  
For the Year Ended December 31, 2004

	Special Revenue	Debt Service	Capital Projects	Total Nonmajor Governmental Funds
<u>Revenues:</u>				
Property Taxes	\$ 717,301	\$ 1,048,743	\$ -	\$ 1,766,044
Licenses and Permits	424,416	-	-	424,416
Intergovernmental	29,861	-	-	29,861
Franchise Fees	81,533	-	-	81,533
Interest	11,745	2,755	225	14,725
Other	40,644	1,855	8,282	50,781
Total Revenues	<u>1,305,500</u>	<u>1,053,353</u>	<u>8,507</u>	<u>2,367,360</u>
<u>Expenditures:</u>				
General Government	1,291	-	-	1,291
Public Safety	1,197,768	-	-	1,197,768
Public Works	25,703	-	-	25,703
Other	113,412	-	-	113,412
Debt Service:				
Principal	-	565,000	-	565,000
Interest and Other Charges	-	485,279	-	485,279
Capital Outlay	85,398	-	2,822	88,220
Total Expenditures	<u>1,423,572</u>	<u>1,050,279</u>	<u>2,822</u>	<u>2,476,673</u>
Excess (Deficiency) of Revenues Over Expenditures	(118,072)	3,074	5,685	(109,313)
Other Financing Sources:				
Operating Transfers In	<u>151,843</u>	<u>-</u>	<u>-</u>	<u>151,843</u>
Net Change in Fund Balances	33,771	3,074	5,685	42,530
Fund Balances - January 1	<u>826,234</u>	<u>19,519</u>	<u>14,680</u>	<u>860,433</u>
Fund Balances - December 31	<u>\$ 860,005</u>	<u>\$ 22,593</u>	<u>\$ 20,365</u>	<u>\$ 902,963</u>

CHARTER TOWNSHIP OF OXFORD  
Nonmajor Special Revenue Funds  
Combining Balance Sheet  
December 31, 2004

	<u>Building</u>	<u>Fire</u>	<u>Cable Television</u>	<u>Road</u>
<u>ASSETS</u>				
Cash	\$ 300,073	\$ 240,028	\$ 174,133	\$ 37,973
Accounts Receivable	-	-	58,638	-
Due from Other Funds	3,822	-	-	-
Prepaid Expenditures	<u>1,215</u>	<u>-</u>	<u>554</u>	<u>-</u>
Total Assets	<u>\$ 305,110</u>	<u>\$ 240,028</u>	<u>\$ 233,325</u>	<u>\$ 37,973</u>
 <u>LIABILITIES AND FUND BALANCE</u>				
Liabilities:				
Accounts Payable	\$ 20,458	\$ 1,445	\$ 1,462	\$ -
Accrued Liabilities	3,606	-	-	-
Due to Other Funds	23,765	-	-	-
Due to Other Units	-	-	4,783	-
Deferred Revenue	<u>-</u>	<u>49,871</u>	<u>-</u>	<u>-</u>
Total Liabilities	47,829	51,316	6,245	-
Fund Balance:				
Unreserved:				
Undesignated (Deficit)	<u>257,281</u>	<u>188,712</u>	<u>227,080</u>	<u>37,973</u>
Total Liabilities and Fund Balance	<u>\$ 305,110</u>	<u>\$ 240,028</u>	<u>\$ 233,325</u>	<u>\$ 37,973</u>



<u>Cemetery Maintenance</u>	<u>Police Narcotics</u>	<u>Safety Path</u>	<u>Police</u>	<u>Telecomm- unication</u>	<u>Total</u>
\$ 69,689	\$ 4,218	\$ 64,600	\$ 6,062	\$ 9,334	\$ 906,110
-	-	-	-	-	58,638
-	-	-	-	-	3,822
-	-	-	-	-	1,769
<u>69,689</u>	<u>4,218</u>	<u>64,600</u>	<u>6,062</u>	<u>9,334</u>	<u>970,339</u>

\$ -	\$ -	\$ 4,944	\$ -	\$ -	\$ 28,309
-	-	-	-	-	3,606
-	-	-	-	-	23,765
-	-	-	-	-	4,783
-	-	-	-	-	49,871
-	-	4,944	-	-	110,334

<u>69,689</u>	<u>4,218</u>	<u>59,656</u>	<u>6,062</u>	<u>9,334</u>	<u>860,005</u>
<u>\$ 69,689</u>	<u>\$ 4,218</u>	<u>\$ 64,600</u>	<u>\$ 6,062</u>	<u>\$ 9,334</u>	<u>\$ 970,339</u>

CHARTER TOWNSHIP OF OXFORD  
Nonmajor Special Revenue Funds  
Combining Statement of Revenues, Expenditures and Changes in Fund Balance  
For the Year Ended December 31, 2004

	<u>Building</u>	<u>Fire</u>	<u>Cable Television</u>	<u>Road</u>
Revenues:				
Property Taxes	\$ -	\$ 717,301	\$ -	\$ -
Licenses and Permits	424,416	-	-	-
Intergovernmental - State	-	2,957	-	-
Intergovernmental - Local	-	-	19,696	-
Franchise Fees	-	-	81,533	-
Interest	2,824	4,582	2,101	427
Other	-	22	1,322	-
Total Revenues	<u>427,240</u>	<u>724,862</u>	<u>104,652</u>	<u>427</u>
Expenditures:				
Current:				
General Government	-	-	-	-
Public Safety	406,671	652,457	-	-
Public Works	-	-	-	25,703
Other	-	-	113,412	-
Capital Outlay	8,937	-	22,453	-
Total Expenditures	<u>415,608</u>	<u>652,457</u>	<u>135,865</u>	<u>25,703</u>
Excess (Deficiency) of Revenues Over Expenditures	11,632	72,405	(31,213)	(25,276)
Other Financing Sources:				
Operating Transfers In	<u>-</u>	<u>-</u>	<u>21,843</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures	11,632	72,405	(9,370)	(25,276)
Fund Balance - January 1	<u>245,649</u>	<u>116,307</u>	<u>236,450</u>	<u>63,249</u>
Fund Balance - December 31	<u>\$ 257,281</u>	<u>\$ 188,712</u>	<u>\$ 227,080</u>	<u>\$ 37,973</u>

<u>Cemetery Maintenance</u>	<u>Police Narcotics</u>	<u>Safety Path</u>	<u>Police</u>	<u>Telecomm- unication</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 717,301
-	-	-	-	-	424,416
-	-	-	-	7,208	10,165
-	-	-	-	-	19,696
-	-	-	-	-	81,533
715	47	778	200	71	11,745
-	-	39,300	-	-	40,644
<u>715</u>	<u>47</u>	<u>40,078</u>	<u>200</u>	<u>7,279</u>	<u>1,305,500</u>
1,291	-	-	-	-	1,291
-	510	10,143	127,987	-	1,197,768
-	-	-	-	-	25,703
-	-	-	-	-	113,412
-	-	54,008	-	-	85,398
<u>1,291</u>	<u>510</u>	<u>64,151</u>	<u>127,987</u>	<u>-</u>	<u>1,423,572</u>
(576)	(463)	(24,073)	(127,787)	7,279	(118,072)
-	-	-	130,000	-	151,843
(576)	(463)	(24,073)	2,213	7,279	33,771
<u>70,265</u>	<u>4,681</u>	<u>83,729</u>	<u>3,849</u>	<u>2,055</u>	<u>826,234</u>
<u>\$ 69,689</u>	<u>\$ 4,218</u>	<u>\$ 59,656</u>	<u>\$ 6,062</u>	<u>\$ 9,334</u>	<u>\$ 860,005</u>

CHARTER TOWNSHIP OF OXFORD  
Nonmajor Debt Service Funds  
Combining Balance Sheet  
December 31, 2004

	<u>Library Debt</u>	<u>Fire Debt</u>	<u>Total</u>
<u>ASSETS</u>			
Cash	\$ <u>32,554</u>	\$ <u>59,629</u>	\$ <u>92,183</u>
 <u>LIABILITIES AND FUND BALANCE</u>			
Liabilities:			
Deferred Revenue	\$ 21,404	\$ 48,186	\$ 69,590
Fund Balance:			
Reserved for Debt Service	<u>11,150</u>	<u>11,443</u>	<u>22,593</u>
Total Liabilities and Fund Balance	\$ <u>32,554</u>	\$ <u>59,629</u>	\$ <u>92,183</u>

CHARTER TOWNSHIP OF OXFORD  
Nonmajor Debt Service Funds  
Combining Statement of Revenues, Expenditures and Changes in Fund Balance  
For the Year Ended December 31, 2004

	Library Debt	Fire Debt	Total
Revenues:			
Property Taxes	\$ 321,177	\$ 727,566	\$ 1,048,743
Interest	936	1,819	2,755
Other	1,837	18	1,855
Total Revenues	<u>323,950</u>	<u>729,403</u>	<u>1,053,353</u>
Expenditures:			
Principal	155,000	410,000	565,000
Interest and Fees	169,330	315,949	485,279
Total Expenditures	<u>324,330</u>	<u>725,949</u>	<u>1,050,279</u>
Excess (Deficiency) of Revenues Over Expenditures	(380)	3,454	3,074
Fund Balance - January 1	<u>11,530</u>	<u>7,989</u>	<u>19,519</u>
Fund Balance - December 31	\$ <u><u>11,150</u></u>	\$ <u><u>11,443</u></u>	\$ <u><u>22,593</u></u>

CHARTER TOWNSHIP OF OXFORD  
Nonmajor Capital Project Funds  
Fire Construction Fund  
Balance Sheet  
December 31, 2004

ASSETS

Cash	\$ <u>20,365</u>
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LIABILITIES AND FUND BALANCE

Liabilities	\$ -
-------------	------

Fund Balance:	
Reserved for Construction	<u>20,365</u>

Total Liabilities and Fund Balance	\$ <u>20,365</u>
------------------------------------	------------------

CHARTER TOWNSHIP OF OXFORD  
Nonmajor Capital Project Funds  
Fire Construction Fund  
Statement of Revenues, Expenditures and Changes in Fund Balance  
For the Year Ended December 31, 2004

Revenues:	
Interest	\$ 225
Reimbursement	<u>8,282</u>
Total Revenues	8,507
Expenditures:	
Construction in Progress	<u>2,822</u>
Excess (Deficiency) of Revenues Over Expenditures	5,685
Fund Balance - January 1	<u>14,680</u>
Fund Balance - December 31	\$ <u><u>20,365</u></u>

# POST, SMYTHE, LUTZ AND ZIEL LLP

*Certified Public Accountants*

## PLYMOUTH

Dennis M. Siegner, C.P.A., C.V.A.  
David R. Williamson, C.P.A.  
Jane F. Wang, C.P.A.  
Joseph N. Elder, C.P.A.  
Rana M. Emmons, C.P.A.

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**1034 W. ANN ARBOR TRAIL  
PLYMOUTH, MICHIGAN 48170-1502**

**TELEPHONE: (734) 453-8770  
FAX: (734) 453-0312**

## WAYNE

Frank W. Smythe, C.P.A.  
Ronald H. Traskos, C.P.A.  
Kathy Billings, C.P.A., C.V.A.

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Marty C. Morrison, C.P.A.  
Jennifer A. Galofaro, C.P.A., C.V.A.  
Susan H. Bertram, C.P.A.  
Brian V. Kluger, C.P.A.

Sharon Walz Duckworth, C.P.A.  
Cari A. Ford, C.P.A.  
Wendy Leung Lee, C.P.A., C.V.A.  
Therese Mulholland, C.P.A.

June 14, 2005

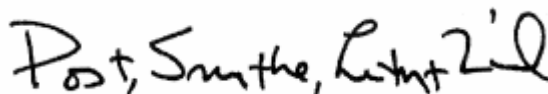
Board of Trustees  
Charter Township of Oxford  
Oakland County, Michigan

In planning and performing our audit of the Charter Township of Oxford for the year ended December 31, 2004 we have considered the Township's internal control structure to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit we became aware of several matters that are opportunities for strengthening internal controls and operating efficiencies. The memorandum that accompanies this letter summarizes our comments and suggestions in these areas. This letter does not affect our report dated June 14, 2005, on the financial statements of the Charter Township of Oxford.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various Township personnel, and we will be pleased to discuss them in further detail at your convenience, and also to perform any additional studies or assist in their implementation.

Respectfully,



POST, SMYTHE, LUTZ and ZIEL LLP  
Certified Public Accountants



### Accounting Issues

The overall accounting systems and procedures should be reviewed as the accounting processes and software no longer appear to meet the growing demands placed on the accounting functions. This is evidenced by the number and size of adjusting entries we proposed, which were necessary to present financial records in accordance with generally accepted accounting principles. As the Township has grown in recent years so have the size and complexity of the accounting records. The current growth in the Township, make it essential that the Township Board address the needs of the accounting system.

We noted many opportunities for improvement during the audit. Some of our more specific suggestions include:

The accounting software should be replaced with an updated integrated software package allowing the cash receipts, utility billing, property tax, cash disbursements, permits, and general ledger to work together and provide better information in a more efficient manner.

The general ledger should be reconciled to the bank statements on a monthly basis, independent of the Treasurer's department reconciliations.

The trust and agency fund should only be used to account for specific deposits received and the related expenditures applied against them.

The 2004 property tax settlement was accomplished by the Treasurer's office, and no differences were noted in our audit. However, we believe that internal controls could be strengthened with additional segregation of duties, and better use of the general ledger accounting system. Specifically, we noted that general ledger postings of cash receipts and disbursements were not used to serve as control environment over this activity. We recommend that the general ledger postings be reviewed monthly by the Clerk's office, and bank reconciliations be accomplished by reconciliation to the general ledger cash balance. All disbursements should be mailed by the Clerk's office, and prior to settlement, the Clerk and Treasurer should reconcile the proposed settlements to the general ledger balances.

### Building Department

The building department software should be reviewed to insure it is meeting the current needs of the Township. Also, the Township Board should be provided with annual reports, including the number, value and types of permits issued, in addition to the monthly reports that are currently being submitted to the Board.

### Library

The Township library is currently using a combination of QuickBooks software and Excel spreadsheets to accomplish their bookkeeping and to provide monthly reports to the Library Board. We recommend that the Library look into utilizing QuickBooks software to its full potential to maintain a complete set of records and ultimately to be able to prepare financial reports directly from QuickBooks.

Also, the Library prepares their own payroll and files their own payroll tax forms. All other departments of the Township are using an external payroll processing service to process their payroll and file the related tax forms. We recommend that the Library investigate the benefits of using an outside payroll service to process their payroll as well as limit their liability on payroll tax issues, which are continually changing and becoming more complex.

### Water and Sewer Enterprise Funds

The Township and the County have reached a tentative agreement on the financial remedy necessary to pay the County for the Township's under reporting of connections from 1995-2004, as detected by our audit of the Township's financial records for fiscal year 2003. We recommend that the Township continue to monitor all connection reports to the County to ensure that all connections billed to customers are also paid to the County. In addition, more formalized processes need to be implemented to make certain that all connections to the system are billed to the customers.